

D.P.U. 93-2B

Application of Cambridge Electric Light Company, under the provisions of G.L. c. 164, § 94G, as amended by St. 1981, c. 375, and the Company's tariff, M.D.P.U. No. 542B, for approval by the Department of Public Utilities of a change in the quarterly Fuel Charge to be billed to the Company's customers pursuant to meter readings in the billing months of July, August, and September 1993.

Application by Cambridge Electric Light Company for approval by the Department of Public Utilities of rates to be paid to Qualifying Facilities for purchases of power pursuant to 220 C.M.R. 8.00 and M.D.P.U. No. 404. The rules established in 220 C.M.R. 8.00 set forth the filings to be made by utilities with the Department, and implement the intent of sections 201 and 210 of the Public Utility Regulatory Policies Act of 1978.

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FOR: CAMBRIDGE ELECTRIC LIGHT COMPANY
Petitioner

I. INTRODUCTION

On June 8, 1993, Cambridge Electric Light Company ("Cambridge" or "Company") filed with the Department of Public Utilities ("Department") an initial petition seeking a quarterly change to its fuel charge, in conformance with its tariff M.D.P.U. 542B, and a change in the rates to be paid to qualifying facilities ("QF") for purchased power, pursuant to 220 C.M.R. 8.00, M.D.P.U. No. 404 and the Department's rules governing such rates. The Company requests that both these rates be effective for bills issued pursuant to meter readings in the billing months of July, August, and September 1993.

Cambridge, a wholly-owned subsidiary of Commonwealth Energy System ("ComEnergy"), serves approximately 44,700 retail customers in the City of Cambridge, and sells power at wholesale to the Belmont Municipal Light Department. ComEnergy is an exempt holding company under the Public Utility Holding Company Act of 1935. ComEnergy's other subsidiaries, affiliates of Cambridge, include Commonwealth Electric Company ("ComElectric"), Canal Electric Company ("Canal"), Commonwealth Gas Company, and Commonwealth Energy Service Company ("ComEnergy Service"). Cambridge operates several small oil/gas-fired generating units and has contractual interests in Canal Unit 1 ("Canal 1") and Canal Unit 2 ("Canal 2"), two large oil-fired units owned by Canal.

On June 18, 1992, the Company filed with the Department a supplemental petition containing proposed changes to the fuel charge and the QF power purchase rates. For the July, August,

and September 1993 quarter, the Company proposes to charge \$0.03625 per kilowatthour ("KWH") (Exh. CELC-1, at 4). In the Company's last fuel charge proceeding, D.P.U. 93-2A-1, the Department authorized a fuel charge of \$0.03205 per KWH, effective for bills issued pursuant to meter readings in the months of June 1993.¹ Cambridge Electric Light Company D.P.U. 93-2A-1 (1993).

The Department scheduled a public hearing on the Company's application for June 24, 1993, at the Department's offices, 100 Cambridge Street, Boston, Massachusetts. The Department ordered the Company to give notice of the hearing by publication in the Boston Globe. The Company was also required to give notice to all intervenors in the Company's two most recent fuel charge hearings and to their respective counsel. There were no petitions to intervene filed in this proceeding.

The Company presented two witnesses in support of its application: Charles R. Fox, Jr., senior rate analyst, ComEnergy and Michael R. Kirkwood, manager of power supply administration, ComEnergy. The Company submitted five exhibits: the prefilled testimony of Mr. Fox (Exh. CELC-1); schedules in support of Mr. Fox's testimony (Exh. CELC-2); bills and contracts for fuel oil supplies, purchased power, and transmission services for

¹ The Company's second quarter fuel charge as approved by the Department was \$0.04056. Cambridge Electric Light Company D.P.U. 93-2A (1993). In D.P.U. 93-2A-1, the Department approved an interim fuel charge to revise the second quarter fuel charge to reflect the removal of the capacity costs which the Company had been ordered to transfer from the fuel charge to base rates in Cambridge Electric Light Company D.P.U. 92-250 (1993).

March, April, and May 1993 (Exh. CELC-3); the prefiled testimony of Michael R. Kirkwood (Exh. CELC-4); and schedules in support of Mr. Kirkwood's testimony (Exh. CELC-5).

II. FUEL CHARGE

The Company's proposed fuel charge of \$0.03625 per KWH is \$0.00420 per KWH higher than the fuel charge authorized in Cambridge Electric Light Company D.P.U. 93-2A-1 (1993), and \$0.00431 per KWH lower than the rate authorized in Cambridge Electric Light Company D.P.U. 93-2A (1993). Since the fuel charge approved in D.P.U. 93-2A was based on a full three-month period, the Company provided comparisons between the costs and sales in that filing and the proposed costs and sales to describe the reasons for the change to the fuel charge.

Mr. Fox stated that recoverable costs are projected to decrease by \$199,749 (Exh. CELC-1, at 8). The Company attributed the change in recoverable costs to three factors. First, the Company projected energy costs to increase by \$1,504,100. This is primarily due to: (1) an increase in fuel costs attributable to the Canal plant; and (2) replacement power costs associated with several plant outages planned for the third quarter of 1993 (id.; Tr. 18). Second, the Company projected an increase of \$64,284 in the prior period reconciling adjustment (Exh. CELC-1, at 8). Third, the Company projected a decrease of \$1,805,500 in projected purchased power demand and transmission costs resulting from the transfer of additional capacity costs from the fuel charge to base rates (id.). Mr. Kirkwood stated that this decrease is partially offset by the Company's power purchase from

the Altresco Pittsfield unit, which is projected to come on-line as of September 1993, and because Cambridge will be picking up a greater proportion of the Northeast Utilities short-term contract during the third quarter of 1993 (Tr. 20).

Mr. Fox testified that billed sales for the quarter, which historically has had a higher level of sales because of seasonal weather conditions, are projected to be 31,616,000 KWH more than those projected for the second quarter id. at 8). The fuel charge is calculated by dividing total recoverable costs by the Company's estimate of jurisdictional sales.

Based on the evidence in this case, the Department finds that the fuel charge to be used by the Company for the billing months of July, August, and September 1993 shall be \$0.03625 per KWH, subject to refund. The calculation of the fuel charge is shown in Table 1, which is attached to this Order.

III. QUALIFYING FACILITIES

The Department's rules, 220 C.M.R. 8.00, require that rates to be paid to QFs for energy be set with the same frequency as the fuel charge. A QF is a small power producer or cogenerator that meets the criteria established by the Federal Energy Regulatory Commission in 18 C.F.R. 292.203(a) and adopted by the Department in 220 C.M.R. 8.02. In Exhibit CELC-4, Schedule 1, at 1, the Company proposed standard rates to be paid to QFs during July, August, and September 1993. The rates proposed are displayed in the following table:

Energy Rate By Voltage Level (Dollars/KWH)

<u>Voltage Level</u>	<u>Peak Period</u>	<u>Off-Peak Period</u>	<u>Total Period</u>
13.8 KV	0.02782	0.02717	0.02735
Primary	0.02831	0.02766	0.02784
Secondary	0.02871	0.02806	0.02824

The Company also proposed short-run capacity rates of \$0.05069 for the 13.8 KV voltage level, \$0.05177 for the primary, and \$0.05226 for the secondary voltage levels for the July through September 1993 quarter (Exh. CELC-4, Sch. 1, at 9).

Based on the evidence in this case, the Department finds that the proper QF power purchase rates for July, August, and September 1993 shall be those set forth above.

IV. ORDER

Accordingly, after due notice, public hearing, and consideration, it is

ORDERED: That Cambridge Electric Light Company is authorized to put into effect a quarterly fuel charge of \$0.03625 per KWH, subject to refund, for bills issued pursuant to meter readings in the billing months of July, August, and September 1993; and it is

FURTHER ORDERED That such fuel charge shall apply to all KWHs sold to the Company's customers subject to the jurisdiction of the Department and shall be itemized separately on all such customers' bills; and it is

FURTHER ORDERED That Cambridge Electric Light Company's QF power purchase rates for the billing months of July, August, and September 1993 shall be those shown in Section III of this Order; and it is

FURTHER ORDERED That the Company shall, in all future fuel

charge proceedings, provide all intervenors and their respective counsel from the prior two fuel charge proceedings with a copy of its fuel charge filing on the same day it is filed with the Department; and it is

By Order of the Department,